

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is entered into as of January ____, 2014, by and among **DAVID L. ELLIS, PAMELA L. ELLIS, AND FAROUK H. AL-HADI**, the owners as tenants in common of the property located at 140 Queen Avenue SW, Albany, Oregon (collectively, "Seller"), ~~and THE U.S. ENVIRONMENTAL PROTECTION AGENCY ("EPA")~~, and **CHICAGO TITLE COMPANY** ("Escrow Holder"), and for the benefit of THE U.S. ENVIRONMENTAL PROTECTION AGENCY ("EPA" or "Beneficiary").

RECITALS

1. Seller intends to sell the property located at 140 Queen Avenue SW, Albany, Oregon (the "Property") to Pacific Cast Technologies, Inc. ("Buyer") pursuant to that certain Purchase and Sale Agreement dated October 17, 2013, as amended by the First Amendment to Purchase and Sale Agreement dated January 3, 2014.
2. As part of the process of resolving any and all liability that Seller has to EPA for environmental response costs incurred by EPA in connection with the Property, Seller shall deposit, upon closing, intends that \$135,000 of the proceeds of the sale of the Property to Buyer ~~will be deposited~~ into an escrow account (the "Escrow Account") with Escrow Holder.
3. It is the expectation of the parties to this Agreement that additional funds in the amount of \$115,000 will be deposited into the Escrow Account by the bankruptcy estate of Absorbent Technologies, Inc., by and through its duly appointed Chapter 7 Trustee Kenneth S. Eiler, (the "Estate").
4. Seller and EPA desire that Escrow Holder receive, hold and disburse the funds in the Escrow Account in accordance with the terms, conditions and provisions of this Agreement, and Escrow Holder is willing to do so.

AGREEMENT

1. Appointment of Escrow Holder. Escrow Holder is hereby appointed by Seller and EPA as the escrow agent to receive, hold and disburse the funds in the Escrow Account in accordance with the terms and conditions hereof.
2. Acceptance by Escrow Holder. Subject to the terms and conditions contained herein, Escrow Holder agrees to hold and disburse the funds in the Escrow Account pursuant to this Agreement. Any reasonable charges and costs incurred by Escrow Holder for establishing and maintaining the escrow established hereby shall be paid by Seller.
3. Instructions for Escrow Holder. Escrow Holder shall take the following steps: (i) set up the Escrow Account; (ii) hold back \$135,000 from the proceeds of the sale of the Property to Buyer and deposit that sum into the Escrow Account; (iii) accept a deposit of an

additional \$115,000 into the Escrow Account, with such payment coming from the Estate unless Seller provides notice (in accordance with Section 5 of this Agreement) that the additional \$115,000 will be paid by another source(s); (iv) accept delivery into escrow of a fully-executed copy of a document from EPA that is entitled "Settlement Agreement for Recovery of Response Costs In the Matter of: Absorbent Technologies Site, Albany, Linn County, Oregon" (the "Settlement Agreement") ~~from EPA;~~ (v) once the Escrow Account has been funded in the amount of \$250,000 and once the Settlement Agreement ~~has been received from EPA into escrow, and Seller confirms in writing that it has no objection to the form of the [Release] from EPA;~~ then Escrow Holder shall within two (2) business days release the \$250,000 to EPA and also shall deliver the Settlement Agreement ~~from EPA to Seller.~~ The disbursement of the \$250,000 to EPA shall occur via wire transfer and shall be done in accordance with the wiring instructions attached hereto as Schedule 1, unless EPA otherwise notifies Escrow Holder (in accordance with Section 5 of this Agreement). In the event that the Escrow Account is not funded in the amount of \$250,000, then the Escrow Holder shall continue to maintain the Escrow Account without making any distributions and continue to keep the [Release] from EPA in escrow and await further joint, written instructions from Seller and EPA. ~~Likewise, if the [Release] is not delivered into escrow by EPA, then the Escrow Holder shall continue to maintain the Escrow Account and await further joint, written instructions from Seller and EPA.~~

4. Certain Rights, Duties, Liabilities, Privileges and Immunities of Escrow Holder. Seller ~~and Escrow Holder and EPA~~ agree that the following provisions shall control with respect to the rights, duties, liabilities, privileges and immunities of Escrow Holder.

(a) In the event of any disagreement between or among any of the parties to this Agreement or the Beneficiary of this Agreement, or between them or any of them or any other person or entity resulting in adverse claims or demands being made in connection with the subject matter of the escrow established hereunder, or in the event that Escrow Holder, in good faith, is in doubt as to what action it should take hereunder, Escrow Holder may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and, in any such event, Escrow Holder shall not be or become liable in any way or to any person or entity for its failure or refusal to act, and Escrow Holder shall be entitled to continue to refrain from action until: ~~(i) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons or entities, and Escrow Holder shall have been notified thereof in writing signed by all such persons or entities; or (ii) the rights of all parties have been determined by a final and unappealable arbitration decision.~~

(b) Escrow Holder shall not offset, withhold from disbursement, or otherwise seek to use any of the funds in the Escrow Account for its own benefit, whether or not a debt is owed to Escrow Holder by any party hereto.

5. Notices. All notices and other communications hereunder shall be provided by either personal delivery or email transmission at the addresses set forth below (or at such other

address as a party or EPA may hereafter designate for itself by notice to the other parties as required hereby):

To Seller: David L. Ellis
Capacity Commercial Group, LLC
805 SW Broadway, Suite 700
Portland, OR 97205
Email: DEllis@capacitycommercial.com

With Copy to: Stephen M. Feldman
Perkins Coie LLP
1120 N.W. Couch St., Tenth Floor
Portland, OR 97209
Email: sfeldman@perkinscoie.com

To EPA: Ted Yackulic, Assistant Regional Counsel
U.S. Environmental Protection Agency, Region 10
1200 Sixth Avenue, Suite 900
Seattle, WA 98101
Email: yackulic.ted@epa.gov

If to Escrow Holder: Chicago Title Company
1211 SW Fifth Avenue, Suite 2130
Portland, OR 97204
Attn: Kelly M. Norton
Email: Kelly.Norton@ctt.com

Any notice or authorization delivered to Escrow Holder by Seller shall concurrently be delivered to EPA in accordance with the foregoing. Any notice or authorization delivery to Escrow Holder by EPA shall concurrently be delivered to Seller in accordance with the foregoing.

6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and the Beneficiary hereof and their respective heirs, legal representatives, successors and assigns.

7. Counterparts. This Agreement may be executed in a number of identical counterparts, each of which for all purposes is to be deemed an original, and all of which constitute, collectively, one agreement. An electronic copy of a party's signature is valid and binding to the same extent as an original signature.

8. Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of Oregon.

[Signatures begin on the following page.]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

SELLER:

David L. Ellis

Pamela L. Ellis

Farouk H. Al-Hadi

ESCROW HOLDER:

CHICAGO TITLE COMPANY

By: _____

Name: _____

Its: _____

~~EPA:~~

~~U.S. Environmental Protection Agency~~

By: _____

Name: _____

Its: _____

SCHEDULE 1
EPA's Wiring Instructions

Wire transfers to EPA shall be made through the Federal Reserve Bank of New York using the following information:

ABA: 021030004

Account Number: 68010727

SWIFT address: FRNYUS33

33 Liberty Street

New York, NY 10045

Field Tag 4200 of the Fedwire message should read: D 68010727 Environmental Protection Agency

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Schedule 1

